

AMENDED IN ASSEMBLY JANUARY 4, 2010

AMENDED IN ASSEMBLY APRIL 13, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

## ASSEMBLY BILL

**No. 1199**

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**Introduced by Assembly Member Ammiano**

February 27, 2009

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~~An act to add Division 115 (commencing with Section 140500) to the Health and Safety Code, relating to health care. An act to repeal and add Section 53395.8 of the Government Code, and to amend Section 96.1 of the Revenue and Taxation Code, relating to infrastructure financing districts.~~

### LEGISLATIVE COUNSEL'S DIGEST

AB 1199, as amended, Ammiano. ~~Local health care master plans. Infrastructure financing districts: City and County of San Francisco.~~

*Existing law specifically authorizes the City and County of San Francisco to create infrastructure financing districts, adopt infrastructure financing plans for those districts, and issue bonds financed by projected increases in ad valorem property taxes to fund certain public facilities, pursuant to a specified procedure. Existing property tax law establishes various procedures and requirements with respect to the annual apportionment and allocation of ad valorem property tax revenues, including increased revenues from infrastructure financing districts.*

*This bill would recast these provisions authorizing the City and County of San Francisco to create infrastructure financing districts that include specified waterfront property. This bill would also modify the procedures for San Francisco to adopt an infrastructure financing*

*plan, and allocate projected increases in ad valorem property taxes to specified annual apportionments.*

*This bill would make legislative findings and declarations as to the necessity of a special statute for City and County of San Francisco.*

~~Existing law creates various public programs to provide health care services:~~

~~This bill would require each county in the state to establish a working group for the purpose of creating a local health care master plan for the county that considers various issues, including equitable distribution of health care services. The bill would require the State Department of Health Care Services to provide oversight and review of the development of each local health care master plan. By requiring counties to establish work groups for the purpose of creating local health care master plans, this bill would create a state-mandated local program.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~yes-no~~.  
State-mandated local program: ~~yes-no~~.

*The people of the State of California do enact as follows:*

- 1     *SECTION 1. The Legislature finds and declares all of the*
- 2     *following:*
- 3     *(a) Areas of San Francisco, including portions of the San*
- 4     *Francisco waterfront, are characterized by deteriorating conditions*
- 5     *that cannot be remedied by private investment alone, and require*
- 6     *the use of public financing mechanisms to finance the rectification*
- 7     *of deteriorating conditions.*
- 8     *(b) (1) The San Francisco waterfront, generally extending 7.5*
- 9     *miles from Fisherman's Wharf to Candlestick Point, is a valuable*
- 10    *public trust asset of the state and provides special maritime,*
- 11    *navigational, recreational, cultural, and historical benefits to the*
- 12    *people of the region and the state. The San Francisco waterfront*
- 13    *includes a 65-acre site known as Pier 70, which is the oldest*
- 14    *continuously operating shipyard on the West Coast. For over 150*

1 years, some portion of this site has been in use for shipbuilding  
 2 and repair, steel production, and supporting heavy industrial uses.  
 3 Until 1967, the United States Department of Defense occupied  
 4 and controlled significant portions of Pier 70. In 2001, the Office  
 5 of Historic Preservation determined that Pier 70's approximately  
 6 40 historic buildings, structures, and features are eligible  
 7 collectively for listing on the National Register of Historic Places  
 8 as contributors to a Pier 70 historic district. Under the Burton Act  
 9 (Ch. 1333, Stats. 1968, as amended) and the Burton Act transfer  
 10 agreement, in 1969, the state conveyed the San Francisco  
 11 waterfront to the City and County of San Francisco, through its  
 12 port, in trust for the public and Burton Act trust purposes, subject  
 13 to the obligation on the part of the City and County of San  
 14 Francisco to assume fifty-five million dollars (\$55,000,000) in  
 15 state debt obligations then existing relating to the waterfront  
 16 properties. Under the San Francisco Charter, the people of San  
 17 Francisco charged the Port of San Francisco with administration  
 18 of the San Francisco waterfront and the responsibility for  
 19 discharging the preexisting debt obligations. Since 1969, these  
 20 preexisting debt obligations have limited the port's ability to  
 21 finance substantial investment in public trust facilities within its  
 22 jurisdiction, resulting in deteriorating conditions along the San  
 23 Francisco waterfront, including, but not limited to, all of the  
 24 following:

25 (A) Since 2002, the port's chief harbor engineer, who is  
 26 responsible for assessing threats to life safety due to the condition  
 27 of facilities within port jurisdiction, has conducted structural  
 28 assessments of the port's historic structures at Pier 70, that have  
 29 resulted in the condemnation of 11 buildings and load and use  
 30 restrictions in 14 other buildings at the site.

31 (B) The port's Pier 70 structures were built before the adoption  
 32 of seismic construction standards in the 1955 edition of the  
 33 Uniform Building Code, and are constructed on bay fill or bay  
 34 mud in locations designated by the United States Geological Survey  
 35 as seismic hazard areas. Many older port facilities may be unsafe  
 36 during a large seismic event due to the lack of seismic standards  
 37 governing their construction and the liquefaction risk associated  
 38 with port property.

39 (C) Pier 70 has been used for heavy industrial uses for more  
 40 than 150 years and is adjacent to the Potrero powerplant. Pier 70

1 and surrounding property are industrial brownfields known to be  
2 contaminated by heavy metals, hydrocarbons, and other pollutants.  
3 The historic buildings at Pier 70 will require significant investment  
4 to abate hazardous materials prior to demolition or rehabilitation.

5 (D) The port's Pier 70 waterfront contains numerous  
6 deteriorating piles that are the remnants of former pile-supported  
7 structures and no longer serve a useful purpose.

8 (2) Beginning in the early 1990s, in response to economic and  
9 land use needs of the port and as directed by the San Francisco  
10 electorate, the port undertook a public planning process related  
11 to the improvement and development of the San Francisco  
12 waterfront. This process resulted in the port's adoption of a  
13 waterfront land use plan in 1997, which identified Pier 70 as the  
14 most significant mixed-use development opportunity in the port's  
15 southern waterfront.

16 (3) In 2006, pursuant to the San Francisco Administrative Code,  
17 the port developed a capital plan identifying public facilities  
18 necessary and convenient to the improvement, operation, and  
19 conduct of the San Francisco waterfront. Among these public  
20 facilities are: (A) seismic and life-safety improvements to existing  
21 buildings, (B) rehabilitation, restoration, and preservation of  
22 certain historic piers and other historic structures, (C) shoreline  
23 restoration and structural repairs and improvements to piers,  
24 seawalls, wharves, and other maritime facilities, (D) remediation  
25 of hazardous materials, (E) removal of bay fill, (F) stormwater  
26 management facilities and other utility infrastructure  
27 improvements, and (G) public open space improvements, including  
28 those required by the San Francisco Bay Conservation and  
29 Development Commission's San Francisco Waterfront Special  
30 Area Plan. In 2008, the estimated cost to implement the port's  
31 capital plan was approximately one billion nine hundred million  
32 dollars (\$1,900,000,000), an amount far in excess of the revenues  
33 projected to be available to the port for these purposes.

34 (4) From 2006 to 2008, inclusive, the port conducted a  
35 community master planning process for the Pier 70 district. The  
36 master plan calls for continued ship repair on approximately 15  
37 acres of the site, the nomination of the Pier 70 National Register  
38 Historic District to the National Register of Historic Places, up  
39 to 3 million square feet of compatible infill development, up to 20  
40 acres of waterfront open space, including a major new section of

1 *the San Francisco Bay Trail, and a development phasing schedule*  
 2 *and financing plan that will allow the area to reunite with the*  
 3 *surrounding central waterfront. The port projects that the costs*  
 4 *to rehabilitate Pier 70, excluding costs associated with new*  
 5 *development at the site, will exceed \$1 billion in 2008 dollars and*  
 6 *will require significant federal, state, and local funding.*

7 *(c) In November 2008, San Francisco voters approved an*  
 8 *amendment to the San Francisco Charter to provide revenues*  
 9 *equal to up to 75 percent of projected new hotel and payroll tax*  
 10 *revenues from development in the Pier 70 area to fund historic*  
 11 *preservation and infrastructure costs of rehabilitating the Pier 70*  
 12 *area. The port estimates that rehabilitation costs for the Pier 70*  
 13 *area will far exceed the additional revenues provided by the charter*  
 14 *measure.*

15 *(d) The Pier 70 area of the San Francisco waterfront is a*  
 16 *valuable public trust asset of the state that provides special*  
 17 *maritime, navigational, recreational, cultural, and historical*  
 18 *benefits to the people of the region and the state. Realizing the*  
 19 *goals of the port waterfront land use plan, the San Francisco Bay*  
 20 *Conservation and Development Commission special area plan,*  
 21 *and the port capital plan at Pier 70 is a matter of statewide*  
 22 *significance, and rectifying the deteriorating conditions along the*  
 23 *San Francisco waterfront caused by deferred maintenance since*  
 24 *1969 by providing a financing mechanism, through the use of*  
 25 *incremental property tax revenues, is a matter of statewide*  
 26 *importance that will further the purposes of both the public trust*  
 27 *and the Burton Act trust. Public facilities along the San Francisco*  
 28 *waterfront to be financed pursuant to the infrastructure financing*  
 29 *district law will increase public access to, or use or enjoyment of,*  
 30 *public trust lands and are, therefore, facilities of statewide and*  
 31 *communitywide significance.*

32 *(e) The City and County of San Francisco wants to establish*  
 33 *one or more infrastructure financing districts to finance public*  
 34 *facilities along the San Francisco waterfront through its port,*  
 35 *including a district in the Pier 70 area. Due to the extraordinary*  
 36 *capital needs of the port, it is the intent of the Legislature to*  
 37 *provide the City and County of San Francisco and its port the*  
 38 *widest latitude, within the framework of the infrastructure financing*  
 39 *district law, to create and operate infrastructure financing districts*  
 40 *in the manner that provides the optimal financing options to*

1 *construct needed public facilities on public trust waterfront lands*  
2 *in order to meet the stated goals of statewide significance. In order*  
3 *to adapt the provisions of Chapter 2.8 (commencing with Section*  
4 *53395) of Part 1 of Division 2 of Title 5 of the Government Code,*  
5 *relating to infrastructure financing districts, to these unique*  
6 *circumstances, this special act is necessary.*

7 *SEC. 2. Section 53395.8 of the Government Code is repealed.*

8 ~~53395.8. (a) This section applies only to the City and County~~  
9 ~~of San Francisco. For the purposes of this chapter, the City and~~  
10 ~~County of San Francisco is a city.~~

11 ~~(b) In addition to the findings and declarations in Section 53395,~~  
12 ~~the Legislature further finds and declares that consolidating in a~~  
13 ~~single public agency the responsibility to administer waterfront~~  
14 ~~lands in the City and County of San Francisco that are subject to~~  
15 ~~the public trust and the ability to capture property tax increment~~  
16 ~~revenues to finance needed public infrastructure improvements in~~  
17 ~~those areas will further the objectives of the public trust and~~  
18 ~~enjoyment of those trust lands by the people of the state.~~

19 ~~(c) Notwithstanding subdivision (c) of Section 53395.1, for the~~  
20 ~~purposes of this section, “debt” includes commercial paper and~~  
21 ~~variable rate demand notes.~~

22 ~~(d) In addition to the purposes provided in subdivision (a) of~~  
23 ~~Section 53395.3, a district subject to this section may finance the~~  
24 ~~environmental remediation of any real or tangible property that~~  
25 ~~the district may finance pursuant to Section 53395.3. The district~~  
26 ~~may also finance planning and design work that is directly related~~  
27 ~~to the improvement, seismic retrofit, or environmental mediation~~  
28 ~~of that property. The district may not finance routine nonstructural~~  
29 ~~repair work.~~

30 ~~(e) In addition to the public capital facilities of communitywide~~  
31 ~~significance that a district may finance pursuant to subdivision (b)~~  
32 ~~of Section 53395.3, a district subject to this section may finance~~  
33 ~~all of the following:~~

34 ~~(1) Seismic and life-safety improvements to existing buildings~~  
35 ~~and other structures.~~

36 ~~(2) Rehabilitation, restoration, and preservation of structures,~~  
37 ~~buildings, or other facilities having special historical, architectural,~~  
38 ~~or aesthetic interest or value and that are either eligible for listing~~  
39 ~~on the National Register of Historic Places, both individually or~~

1 because of their location within an eligible registered historic  
2 district, or are locally designated landmarks.

3 (3) ~~Structural repairs and improvements to piers, seawalls, and~~  
4 ~~wharves.~~

5 (4) ~~Remediation of hazardous materials.~~

6 (5) ~~Storm water management facilities, other utility~~  
7 ~~infrastructure, or public access improvements.~~

8 (f) ~~Notwithstanding Section 53395.4, a district subject to this~~  
9 ~~section may include tidelands and submerged lands, including~~  
10 ~~filled lands, subject to the public trust for commerce, navigation,~~  
11 ~~and fisheries, and the applicable statutory trust grant or grants.~~  
12 ~~Where a district includes tidelands and submerged lands, whether~~  
13 ~~filled or unfilled, and finances facilities located on these tidelands~~  
14 ~~and submerged lands, these facilities shall serve and promote uses~~  
15 ~~and purposes consistent with the public trust and applicable~~  
16 ~~statutory trust grants. These facilities shall be public trust assets~~  
17 ~~subject to the administration and control of the legislative trust~~  
18 ~~grantee of the public trust lands on which they are constructed.~~  
19 ~~However, if these facilities are among the public capital facilities~~  
20 ~~listed in paragraphs (1) to (4), inclusive, of subdivision (b) of~~  
21 ~~Section 53395.3 or paragraph (5) of subdivision (c) of this section~~  
22 ~~and are not owned by the public agency administering the public~~  
23 ~~trust lands, but are owned and operated by another entity pursuant~~  
24 ~~to a license from or an agreement with the public agency~~  
25 ~~administering the public trust lands, then these facilities are not~~  
26 ~~required to become public trust assets. The district shall maintain~~  
27 ~~accounting procedures in accordance, and otherwise comply, with~~  
28 ~~Section 6306 of the Public Resources Code.~~

29 (g) ~~Notwithstanding Section 53395.5, nothing in this chapter~~  
30 ~~shall prohibit the formation of a district on urban waterfront~~  
31 ~~property, nor the financing of needed public infrastructure projects~~  
32 ~~located on public trust lands, pursuant to this section.~~

33 (h) ~~Notwithstanding subdivision (c) of Section 53395.14,~~  
34 ~~infrastructure improvements that increase public access to, or use~~  
35 ~~or enjoyment of, public trust lands pursuant to this section shall~~  
36 ~~be deemed to satisfy the requirements of that subdivision.~~

37 (i) ~~Notwithstanding Section 53395.20 or any other provision~~  
38 ~~of law, if all of the land in a district subject to this section would~~  
39 ~~be publicly owned, no election shall be required to form the district,~~  
40 ~~and the legislative body may, by ordinance, adopt the infrastructure~~

1 financing plan and create the district, upon recommendation of the  
2 public agency with jurisdiction over the land.

3 ~~(j) (1) Notwithstanding any other provision of this chapter,~~  
4 ~~the legislative body may amend an infrastructure financing plan~~  
5 ~~subject to this section to extend the time limitations for receipt of~~  
6 ~~property tax increment beyond the 30-year period from adoption~~  
7 ~~of the ordinance for the district for a period not to exceed 10 years~~  
8 ~~to pay bonded indebtedness, if the district does all of the following:~~

9 ~~(A) Includes an amendment, if necessary, to increase the total~~  
10 ~~number of dollars to be allocated to the district.~~

11 ~~(B) Prepares an analysis of the projected fiscal impact on each~~  
12 ~~affected taxing entity.~~

13 ~~(C) Sets a time and date for a public hearing on the matter.~~

14 ~~(2) The amendment to the infrastructure financing plan shall~~  
15 ~~be mailed by the clerk to each affected taxing entity for its review.~~  
16 ~~Each affected taxing entity shall review and consent to or~~  
17 ~~disapprove the amended infrastructure financing plan within 60~~  
18 ~~days of the receipt thereof.~~

19 ~~(k) (1) The legislative body shall hold a public hearing~~  
20 ~~regarding the amendment to the infrastructure financing plan within~~  
21 ~~60 days after each affected taxing entity has approved the~~  
22 ~~extension.~~

23 ~~(2) The public hearing, and notice thereof, shall be conducted~~  
24 ~~in accordance with Sections 53395.17 and 53395.18. At the~~  
25 ~~conclusion of the hearing, the legislative body may adopt an~~  
26 ~~ordinance adopting the infrastructure financing plan, as modified,~~  
27 ~~or it may abandon the proceedings.~~

28 *SEC. 3. Section 53395.8 is added to the Government Code, to*  
29 *read:*

30 *53395.8. (a) This section applies only to the City and County*  
31 *of San Francisco, and to any waterfront district.*

32 *(b) In addition to the findings and declarations in Section 53395,*  
33 *the Legislature further finds and declares that consolidating in a*  
34 *single public agency the responsibility to administer waterfront*  
35 *lands in San Francisco that are subject to the public trust and the*  
36 *ability to capture property tax increment revenues to finance*  
37 *needed public facilities in those areas will further the objectives*  
38 *of the public trust and enjoyment of those trust lands by the people*  
39 *of the state.*

1     (c) For purposes of this section, the following terms have the  
2 following meanings except as otherwise provided:

3     (1) “Affected taxing entity” means any governmental taxing  
4 agency, except San Francisco and its local educational agencies,  
5 that levied or had levied on its behalf a property tax on all or a  
6 portion of the land located in the proposed district in the fiscal  
7 year prior to the designation of the district, all or a portion of  
8 which the district proposes to collect in the future under its  
9 infrastructure financing plan.

10    (2) “Base year” means the fiscal year during which any  
11 infrastructure financing plan adopted under this chapter becomes  
12 effective.

13    (3) “Board” means the Board of Supervisors of the City and  
14 County of San Francisco, which shall be the legislative body for  
15 any district formed under this section.

16    (4) “Debt” means loans, advances, or other forms of  
17 indebtedness and financial obligations, including, but not limited  
18 to, commercial paper, variable rate demand notes, all moneys  
19 payable in relation to the debt, and all debt service coverage  
20 requirements in any debt instrument, in addition to the obligations  
21 specified in the definition of “debt” in Section 53395.1.

22    (5) “District” means any district created under this chapter,  
23 including any project area within a district.

24    (6) “ERAF” means the Educational Revenue Augmentation  
25 Fund.

26    (7) “ERAF-secured debt” means debt incurred to finance a  
27 Pier 70 district subject to a Pier 70 enhanced financing plan that  
28 is secured by and will be repaid from the ERAF share.

29    (8) “ERAF share” means the county ERAF portion of  
30 incremental tax revenue committed to a Pier 70 district under a  
31 Pier 70 enhanced financing plan.

32    (9) “Local educational agencies” means, collectively, the San  
33 Francisco Unified School District, the San Francisco Community  
34 College District, and the San Francisco County Office of  
35 Education.

36    (10) “Mirant site” means the San Francisco waterfront land  
37 owned by Mirant Corporation, on which it or its affiliate formerly  
38 operated a coal gasification powerplant.

39    (11) “Pier 70 district” means a waterfront district that includes  
40 65 acres of waterfront land in the area near Pier 70.

1     (12) *“Pier 70 enhanced financing plan” means an infrastructure*  
2 *district financing plan for a Pier 70 district that contains a*  
3 *provision authorized under subparagraph (D) of paragraph (3)*  
4 *of subdivision (g).*

5     (13) *“Port” means the Port of San Francisco.*

6     (14) *“Project area” means a defined area designated for*  
7 *development within a waterfront district formed under this chapter*  
8 *in accordance with subdivision (g).*

9     (15) *“Public facilities” means facilities and, where the context*  
10 *requires, related services, authorized to be financed in any part*  
11 *by a district formed under this chapter in accordance with*  
12 *subdivision (g).*

13     (16) *“San Francisco” means the City and County of San*  
14 *Francisco. For purposes of applying this chapter, San Francisco*  
15 *is a city.*

16     (17) *“Waterfront district” means a district formed under this*  
17 *chapter on land under port jurisdiction along the San Francisco*  
18 *waterfront.*

19     (18) *“Waterfront set aside” means the restricted funds required*  
20 *to be set aside under clause (ii) of subparagraph (C) of paragraph*  
21 *(3) of subdivision (g).*

22     (d) *In addition to the facilities and services authorized by Section*  
23 *53395.3, a waterfront district may finance any of the following:*

24         (1) *Remediation of hazardous materials in, on, under, or around*  
25 *any real or tangible property.*

26         (2) *Seismic and life-safety improvements to existing buildings.*

27         (3) *Rehabilitation, restoration, and preservation of structures,*  
28 *buildings, or other facilities having special historical, architectural,*  
29 *or aesthetic interest or value and that are listed on the National*  
30 *Register of Historic Places, are eligible for listing on the National*  
31 *Register of Historic Places individually or because of their location*  
32 *within an eligible registered historic district, or are listed on a*  
33 *state or local register of historic landmarks.*

34         (4) *Structural repairs and improvements to piers, seawalls, and*  
35 *wharves.*

36         (5) *Removal of bay fill.*

37         (6) *Stormwater management facilities, other utility*  
38 *infrastructure, or public open-space improvements.*

39         (7) *Shoreline restoration.*

40         (8) *Other repairs and improvements to maritime facilities.*

1     (9) *Planning and design work that is directly related to any*  
2 *public facilities authorized to be financed by a waterfront district.*

3     (e) *A waterfront district may include, and finance public*  
4 *facilities on, tidelands and submerged lands, including filled or*  
5 *unfilled lands, subject to the public trust for commerce, navigation,*  
6 *and fisheries, and the applicable statutory trust grant or grants.*  
7 *Public facilities located on tidelands and submerged lands shall*  
8 *serve and promote uses and purposes consistent with the public*  
9 *trust and applicable statutory trust grants. Public facilities that*  
10 *increase access to, or the use or enjoyment of, public trust lands*  
11 *will be deemed to be facilities of communitywide significance that*  
12 *provide significant benefits to an area larger than the area of the*  
13 *district.*

14     (f) *Public facilities financed by a waterfront district shall be*  
15 *public trust assets subject to the administration and control of the*  
16 *port, except for the following:*

17     (1) *Utility infrastructure and public transportation facilities,*  
18 *except maritime transportation facilities that are administered*  
19 *and controlled by another entity under an agreement with the port.*

20     (2) *Public facilities on land located in a previously formed*  
21 *waterfront district that the port subsequently leases, sells, or*  
22 *otherwise transfers to any person free of the public trust, the Burton*  
23 *Act trust, and any additional restrictions on use or alienability*  
24 *created by the Burton Act transfer agreement, provided that the*  
25 *State Lands Commission has concurred in the lifting of trust*  
26 *restrictions on the transferred land and that the transferred land*  
27 *will remain in and subject to the district.*

28     (g) *For a waterfront district, the requirements of this subdivision*  
29 *supplant and replace the provisions of Sections 53395.10 to*  
30 *53395.25, inclusive. The board may adopt or amend one or more*  
31 *infrastructure financing plans for districts along the San Francisco*  
32 *waterfront according to the procedures in this section. A district*  
33 *may be divided into project areas, each of which may be subject*  
34 *to distinct time limitations established under this subdivision.*

35     (1) *The board shall initiate proceedings for the establishment*  
36 *of a district by adopting a resolution of intention to establish the*  
37 *proposed district that does all of the following:*

38     (A) *States an infrastructure financing district is proposed to be*  
39 *established and describes the boundaries of the proposed district.*

1 *The boundaries may be described by reference to a map on file in*  
2 *the office of the clerk of the board.*

3 *(B) States the type of public facilities proposed to be financed*  
4 *by the district.*

5 *(C) States that incremental property tax revenue from San*  
6 *Francisco and some or all affected taxing entities within the*  
7 *district, but none of the local educationional agencies, may be*  
8 *used to finance these public facilities.*

9 *(D) Directs the executive director of the port, or an appropriate*  
10 *official designated by the executive director, to prepare a proposed*  
11 *infrastructure financing plan.*

12 *(2) The board shall direct the city clerk to mail a copy of the*  
13 *resolution of intention to any affected taxing entities.*

14 *(3) The proposed infrastructure financing plan shall be*  
15 *consistent with the general plan of San Francisco, as amended*  
16 *from time to time, and shall include all of the following:*

17 *(A) A map and legal description of the proposed district, which*  
18 *may include all or a portion of the district designated by the board*  
19 *in its resolution of intention.*

20 *(B) A description of the public improvements and facilities*  
21 *required to serve the development proposed in the district,*  
22 *including those to be provided by the private sector, those to be*  
23 *provided by governmental entities without assistance under this*  
24 *chapter, those public facilities to be financed with assistance from*  
25 *the proposed district, and those to be provided jointly. The*  
26 *description shall include the proposed location, timing, and*  
27 *projected costs of the public improvements and facilities.*

28 *(C) A financing section that shall contain all of the following:*

29 *(i) A provision that specifies the maximum portion of the*  
30 *incremental tax revenue of San Francisco and of any affected*  
31 *taxing entity proposed to be committed to the district, and affirms*  
32 *that the plan will not allocate any portion of the incremental tax*  
33 *revenue of the local educational agencies to the district.*

34 *(ii) Limitations on the use of levied taxes allocated to and*  
35 *collected by the district that provide that incremental tax revenues*  
36 *allocated to a district must be used within the district for purposes*  
37 *authorized under this section, and that not less than 20 percent of*  
38 *the amount allocated to a district shall be set aside to be expended*  
39 *solely on shoreline restoration, removal of bay fill, or waterfront*

1 *public access to or environmental remediation of the San Francisco*  
2 *waterfront.*

3 *(iii) A projection of the amount of incremental tax revenues*  
4 *expected to be received by the district, assuming a period of 45*  
5 *years from the base year of the infrastructure financing plan.*

6 *(iv) Projected sources of financing for the public facilities to*  
7 *be assisted by the district, including debt to be repaid with*  
8 *incremental tax revenues, projected revenues from future leases,*  
9 *sales, or other transfers of any interest in land within the district,*  
10 *and any other legally available sources of funds.*

11 *(v) A limitation on the number of dollars of levied taxes that*  
12 *may be divided and allocated to the district. Taxes shall not be*  
13 *divided or be allocated to the district beyond this limitation, except*  
14 *by amendment of the infrastructure financing plan pursuant to the*  
15 *procedures in this subdivision.*

16 *(vi) A date on which the effectiveness of the infrastructure*  
17 *financing plan and all tax allocations to the district will end and*  
18 *a time limit on the district's authority to repay indebtedness with*  
19 *incremental tax revenues received under this chapter, not to exceed*  
20 *45 years from the date of the board's resolution of intent to issue*  
21 *bonds to be repaid with incremental tax revenues under this*  
22 *chapter. After the time limits established under this subparagraph,*  
23 *a district shall not receive incremental tax revenues under this*  
24 *chapter.*

25 *(vii) An analysis of the costs to San Francisco for providing*  
26 *facilities and services to the district while the district is being*  
27 *developed and after the district is developed, and of the taxes, fees,*  
28 *charges, and other revenues expected to be received by San*  
29 *Francisco as a result of expected development in the district.*

30 *(viii) An analysis of the projected fiscal impact of the district*  
31 *and the associated development upon any affected taxing entity.*  
32 *If no affected taxing entities exist within the district because the*  
33 *plan does not provide for collection by the district of any portion*  
34 *of property tax revenues allocated to any taxing entity other than*  
35 *San Francisco, the district has no obligation to any other taxing*  
36 *entity under this subdivision.*

37 *(ix) A statement that the district will maintain accounting*  
38 *procedures in accordance, and otherwise comply, with Section*  
39 *6306 of the Public Resources Code for the term of the plan.*

1     (D) For a Pier 70 district only, the Pier 70 enhanced financing  
2     plan may contain a provision meeting the requirements of Section  
3     53396 that allocates a portion of the incremental tax revenue of  
4     San Francisco and of other designated affected taxing entities to  
5     the Pier 70 district.

6     The portion of incremental tax revenue of San Francisco to be  
7     allocated to the Pier 70 district must be equal to the portion of the  
8     incremental tax revenue of the county ERAF proposed to be  
9     committed to the Pier 70 district. In addition to all other  
10    requirements under this section, a Pier 70 district shall also be  
11    subject to the following additional limitations:

12    (i) A Pier 70 district subject to a Pier 70 enhanced financing  
13    plan shall not be formed and become effective for at least three  
14    full fiscal years following the effective date of this section.

15    (ii) Any Pier 70 enhanced financing plan shall contain all of  
16    the following:

17    (I) A time limit on new ERAF-secured debt to finance the district,  
18    which may not exceed 20 fiscal years from the fiscal year in which  
19    any Pier 70 district subject to a Pier 70 enhanced financing plan  
20    first issues debt. The ERAF-secured debt may be repaid over the  
21    period of time ending on the time limit established under clause  
22    (vi) of subparagraph (C). This time limit on new ERAF-secured  
23    debt shall not prevent a Pier 70 district from subsequently  
24    refinancing, refunding, or restructuring ERAF-secured debt if the  
25    debt is not increased and the time during which the debt is to be  
26    repaid is not extended beyond the time limit established under  
27    clause (vi) of subparagraph (C).

28    (II) A statement that the Pier 70 district shall be subject to a  
29    limitation on the number of dollars of the ERAF share that may  
30    be divided and allocated to the Pier 70 district pursuant to the  
31    Pier 70 enhanced financing plan, including any amendments to  
32    the plan, which shall be established in consultation with the county  
33    auditor. This limitation and a schedule specifying the amount of  
34    the ERAF share that must be divided and allocated to the district  
35    in each succeeding fiscal year until all ERAF-secured debt has  
36    been paid shall be included in the statement of indebtedness that  
37    the Pier 70 district files for the 19th fiscal year after the fiscal year  
38    in which any ERAF-secured debt is first issued. The ERAF share  
39    shall not be divided and shall not be allocated to the Pier 70  
40    district beyond that limitation.

1     (III) The limitations established by subclauses (I) and (II) may  
2     be amended only by amendment of this section. When the  
3     ERAF-secured debt, if any, has been paid, all moneys thereafter  
4     allocated to the ERAF share shall be paid into ERAF as taxes on  
5     all other property are paid. In addition, beginning in the 21st fiscal  
6     year after the fiscal year in which ERAF-secured debt is first  
7     issued, any portion of the ERAF share in excess of the amount  
8     required to meet the Pier 70 district's ERAF-secured debt service  
9     obligations shall be paid into ERAF.

10    (4) The proposed infrastructure financing plan shall be mailed  
11    to each affected taxing entity for review, together with any report  
12    required by the California Environmental Quality Act (Division  
13    13 (commencing with Section 21000) of the Public Resources  
14    Code) that pertains to the proposed public facilities and any  
15    proposed development project for which the public facilities are  
16    needed, and shall be made available for public inspection. The  
17    report also shall be sent to the San Francisco Planning Department  
18    and the board.

19    (5) Except as provided in subdivision (i), the board shall not  
20    enact a resolution proposing formation of a district and providing  
21    for the division of taxes of any affected taxing entities for use in  
22    the Pier 70 district as set forth in the proposed infrastructure  
23    financing plan unless a resolution approving the plan has been  
24    adopted by the governing body of each affected taxing entity that  
25    is proposed to be subject to division of taxes as set forth in the  
26    proposed infrastructure financing plan, and that resolution has  
27    been filed with the board at or prior to the time of the hearing. A  
28    resolution approving the plan adopted by the governing body of  
29    an affected taxing entity shall be deemed the affected taxing entity's  
30    agreement to participate in the plan for the purposes of Section  
31    53395.19.

32    (6) If the governing body of an affected taxing entity has not  
33    approved the infrastructure financing plan before the board  
34    considers the plan, the board may amend the infrastructure  
35    financing plan to remove the allocation of the tax revenues of the  
36    nonconsenting affected taxing entity. If a plan is so amended, the  
37    plan also shall be amended to provide that San Francisco will  
38    allocate to the Pier 70 district funds equal on a dollar-for-dollar  
39    basis to the tax revenues that the Pier 70 district would have

1 received from the allocation of tax revenues of the affected taxing  
2 entity that is removed from the plan.

3 (7) The board shall hold a public hearing regarding the  
4 infrastructure financing plan that shall be scheduled on a date no  
5 earlier than 60 days after the plan has been sent to each affected  
6 taxing entity, or in the absence of any affected taxing entities, no  
7 earlier than 30 days after the plan has been lodged with the clerk  
8 of the board. Notice of the public hearing must be published not  
9 less than once a week for four successive weeks in a newspaper  
10 designated by the board for the publication of official notices in  
11 San Francisco, or if the board no longer designates a newspaper  
12 for the publication of official notices, a newspaper of general  
13 circulation serving primarily San Francisco residents. The notice  
14 shall state that the district will be established to finance public  
15 facilities, briefly describe the public facilities and the proposed  
16 financial arrangements, including the proposed commitment of  
17 incremental tax revenue, describe the boundaries of the proposed  
18 district, and state the day, hour, and place when and where any  
19 persons having any objections to the proposed infrastructure  
20 financing plan, or the regularity of any of the previous proceedings,  
21 may appear before the board and object to the adoption of the  
22 proposed infrastructure financing plan by the board.

23 (8) At the hour set in the required notices, the board shall  
24 proceed to hear and pass upon all written and oral objections.  
25 The hearing may be continued from time to time. The board shall  
26 consider any recommendations of affected taxing entities, and all  
27 evidence and testimony for and against the adoption of the  
28 infrastructure financing plan.

29 (9) No election will be required to form the district, and at the  
30 conclusion of the hearing, the board may adopt an ordinance  
31 adopting the infrastructure financing plan, as drafted or as  
32 modified by the board, or it may abandon the proceedings.

33 (10) Any public or private owner of land that is not within an  
34 existing district, but that has any boundary line contiguous to a  
35 boundary of the waterfront district, may petition the board for  
36 inclusion of the land in the waterfront district without an election.  
37 As a condition to inclusion of its land in the waterfront district,  
38 the petitioning landowner shall acknowledge and agree that any  
39 portion of the land within 100 feet of the San Francisco Bay  
40 Conservation and Development Commission shoreline (shoreline

band) will include contiguous public access along the length of the shoreline band, improved and maintained to standards equal to adjacent waterfront public access ways on public land, as certified by the San Francisco Bay Conservation and Development Commission. Nothing in this section is intended to affect or limit the authority of the San Francisco Bay Conservation and Development Commission pursuant to Chapter 1 (commencing with Section 66600) of Title 7.2, or any other law. This procedure will apply to any petition to include the Mirant site in the Pier 70 district, but the board may amend the Pier 70 financing plan to include the Mirant site in the Pier 70 district only after the Director of Finance's approval.

(11) The ordinance creating a district and adopting or amending an infrastructure financing plan shall establish the base year for the district. The board may amend an infrastructure financing plan by ordinance to divide an established district into one or more project areas, to reduce the district area, or, to expand a waterfront district to include the petitioning landowner's land in the district in accordance with the board's established procedures. Any ordinance adopting or amending an infrastructure financing plan will be deemed an ordinance adopted for the purposes of Section 53395.23.

(h) (1) All the amounts calculated under this subdivision shall be calculated after deducting the waterfront set-aside from the total amount of tax increment funds allocated to a district in the applicable fiscal year. The payments made under this subdivision to the affected taxing entities shall be allocated among the affected taxing entities in proportion to the percentage share of property taxes each affected taxing entity receives during the fiscal year the funds are allocated. The percentage share shall be determined without regard to any amounts allocated to a city, county, or city and county under Sections 97.68 and 97.70 of the Revenue and Taxation Code.

(2) (A) Prior to incurring any debt, except loans or advances from San Francisco, a district may subordinate to the debt the amount required to be paid to an affected taxing entity under this subdivision, if any, provided the affected taxing entity has approved these subordinations as provided in this paragraph.

(B) At the time the district requests an affected taxing entity to subordinate the amount to be paid to it, the district shall provide

1 *the affected taxing entity with substantial evidence that sufficient*  
2 *funds will be available to pay when due both the debt service on*  
3 *the debt and the payments to the affected taxing entity required*  
4 *under this subdivision.*

5 *(C) Within 45 days after receipt of the district's request, the*  
6 *affected taxing entity shall approve or disapprove the request for*  
7 *subordination. An affected taxing entity may disapprove a request*  
8 *for subordination only if it finds, based upon substantial evidence,*  
9 *that the district will not be able to pay when due the debt payments*  
10 *and the amount required to be paid to the affected taxing entity.*  
11 *If the affected taxing entity does not act within 45 days after receipt*  
12 *of the district's request, the request to subordinate shall be deemed*  
13 *approved and its deemed approval shall be final and conclusive.*

14 *(3) The Legislature finds and declares all of the following:*

15 *(A) The payments to be made under this subdivision are*  
16 *necessary in order to alleviate the financial burden and detriment*  
17 *that affected taxing entities may incur as a result of the adoption*  
18 *of an infrastructure financing plan, and payments made under this*  
19 *subdivision will benefit the district.*

20 *(B) The payments to be made under this subdivision are the*  
21 *exclusive payments that are required to be made by a district to*  
22 *affected taxing entities during the term of an infrastructure*  
23 *financing plan.*

24 *(4) Nothing in this section requires a district, either directly or*  
25 *indirectly, as a measure to mitigate a significant environmental*  
26 *effect or as part of any settlement agreement or judgment brought*  
27 *in any action to contest the validity of a district under Section*  
28 *53395.6, to make any other payments to affected taxing entities,*  
29 *or to pay for public facilities that will be owned or leased to an*  
30 *affected taxing entity.*

31 *(i) The portion of taxes required to be allocated to the Pier 70*  
32 *district under a duly adopted infrastructure financing plan shall*  
33 *be allocated and paid to the district by the county auditor or officer*  
34 *responsible for the payment of taxes into the funds of the respective*  
35 *taxing entities under the procedure contained in this subdivision.*  
36 *If the approved plan allocates to the Pier 70 district 100 percent*  
37 *of the incremental tax revenue of San Francisco, then the district*  
38 *shall not make a payment to ERAF, but if the plan allocates less*  
39 *than 100 percent of the incremental tax revenue of San Francisco*

1 to the Pier 70 district, then the district shall pay a proportionate  
2 share of incremental tax revenue into ERAF.

3 (1) No later than October 1 of each year, for each district for  
4 which the infrastructure financing plan provides for the division  
5 of taxes, the district shall file with the county auditor or officer a  
6 statement of indebtedness and a reconciliation statement for the  
7 previous fiscal year certified by the chief financial officer of the  
8 district.

9 (2) Each statement of indebtedness shall contain all of the  
10 following:

11 (A) For each debt the district has incurred or entered into, all  
12 of the following:

13 (i) The date the district incurred or entered into the debt.

14 (ii) The principal amount, term, purpose, interest rate, and total  
15 interest payable over the term of the debt.

16 (iii) The principal amount and interest due in the fiscal year in  
17 which the statement is filed.

18 (iv) The total amount of principal and interest remaining to be  
19 paid over the term of the debt.

20 (B) The sum of the principal and interest due on all debts in the  
21 fiscal year in which the statement is filed.

22 (C) The sum of principal and interest remaining to be paid on  
23 all debts.

24 (D) The available revenues as of the end of the previous fiscal  
25 year.

26 (3) The district may estimate the amount of principal or interest,  
27 the interest rate, or term of any debt if the nature of the debt is  
28 such that the amount of principal or interest, the interest rate or  
29 term cannot be precisely determined. The district may list on a  
30 statement of indebtedness any debt incurred or entered into on or  
31 before the date the statement is filed.

32 (4) Each reconciliation statement shall include all of the  
33 following:

34 (A) A list of all debts listed on the previous year's statement of  
35 indebtedness, if any.

36 (B) A list of all debts not listed on the previous year's statement  
37 of indebtedness, but incurred or entered into in the previous year  
38 and paid in whole or in part from incremental tax revenue received  
39 by the district. This listing may aggregate into a single item debts  
40 incurred or entered into in the previous year for a particular

1 *purpose, such as relocation expenses, administrative expenses,*  
2 *consultant expenses, or remediation of hazardous materials.*

3 *(C) For each debt described in subparagraph (A) or (B), all of*  
4 *the following shall be included:*

5 *(i) The total amount of principal and interest remaining to be*  
6 *paid as of the later of the beginning of the previous year or the*  
7 *date the debt was incurred or entered into.*

8 *(ii) Any increases or additions to the debt occurring during the*  
9 *previous year.*

10 *(iii) The amount paid on the debt in the previous year from*  
11 *incremental tax revenue received by the district.*

12 *(iv) The amount paid on the debt in the previous year from*  
13 *revenue other than incremental tax revenue received by the district.*

14 *(v) The total amount of principal and interest remaining to be*  
15 *paid as of the end of the previous fiscal year.*

16 *(D) The available revenues of the district as of the beginning*  
17 *of the previous fiscal year.*

18 *(E) The amount of incremental tax revenue received by the*  
19 *district in the previous fiscal year.*

20 *(F) The amount of available revenue received by the district in*  
21 *the previous fiscal year other than incremental tax revenue.*

22 *(G) The sum of the amounts paid on all debts from sources other*  
23 *than incremental tax revenue, to the extent that the amounts are*  
24 *not included as available revenues under subparagraph (F).*

25 *(H) The sum of the amounts specified in subparagraphs (D) to*  
26 *(G), inclusive.*

27 *(I) The sum of the amounts specified in clauses (iii) and (iv) of*  
28 *subparagraph (C) of paragraph (4).*

29 *(J) The amount determined by subtracting the amount*  
30 *determined under subparagraph (I) from the amount determined*  
31 *under subparagraph (H). The amount determined under this*  
32 *paragraph shall be the available revenues as of the end of the*  
33 *previous fiscal year to be reported in the statement of indebtedness.*

34 *(5) For the purposes of this paragraph, available revenues shall*  
35 *include all cash or cash equivalents held by the district that were*  
36 *received by the district under subparagraph (D) of paragraph (3)*  
37 *of subdivision (g) and all cash or cash equivalents held by the*  
38 *district that are irrevocably pledged or restricted to payment of a*  
39 *debt that the district has listed on a statement of indebtedness. In*

1 no event shall available revenues include funds allocated to the  
2 waterfront set aside.

3 (6) For the purposes of this subdivision: (A) the amount a  
4 district is required to deposit into the waterfront set aside shall  
5 constitute an indebtedness of the district, (B) no debt that a district  
6 intends to pay from the waterfront set aside shall be listed on a  
7 statement of indebtedness or reconciliation statement as a debt of  
8 the district, and (C) any statutorily authorized deficit in or  
9 borrowing from funds in the waterfront set aside shall constitute  
10 an indebtedness of the district.

11 (7) The county auditor or officer shall allocate and pay, at the  
12 same time or times as the payment of taxes into the funds of the  
13 respective taxing agencies of the county, the portion of incremental  
14 tax revenues allocated to each district under the infrastructure  
15 financing plan. The amount allocated and paid shall not exceed  
16 the amount of the district's remaining debt obligations, as  
17 determined under subparagraph (C) of paragraph (2), minus the  
18 amount of available revenues as of the end of the previous fiscal  
19 year, as determined under subparagraph (D) of paragraph (2).

20 (8) The statement of indebtedness constitutes prima facie  
21 evidence of the debts of the district.

22 (A) If the county auditor or other officer disputes the amount  
23 of the district's debts as shown on the statement of indebtedness,  
24 the county auditor or other officer, within 30 days after receipt of  
25 the statement, shall give written notice to the district thereof.

26 (B) The district, within 30 days after receipt of notice under  
27 subparagraph (A), shall submit any further information it deems  
28 appropriate to substantiate the amount of any debt that has been  
29 disputed. If the county auditor or other officer still disputes the  
30 amount of debt, final written notice of that dispute shall be given  
31 to the district, and the amount disputed may be withheld from  
32 allocation and payment to the district as otherwise required by  
33 paragraph (7). In that event, the auditor or other officer shall bring  
34 an action in the superior court for declaratory relief to determine  
35 the matter no later than 90 days after the date of the final notice.

36 (C) In any court action brought under this paragraph, the issue  
37 shall involve only the amount of debt, and not the validity of any  
38 contract or debt instrument or any expenditures pursuant thereto.  
39 Payments to a trustee under a bond resolution or indenture of any  
40 kind or payments to a public agency in connection with payments

1 by that public agency under a lease or bond issue shall not be  
2 disputed in any action under this paragraph. The matter shall be  
3 set for trial at the earliest possible date and shall take precedence  
4 over all other cases except older matters of the same character.  
5 Unless an action is brought within the time provided for herein,  
6 the auditor or other officer shall allocate and pay the amount  
7 shown on the statement of indebtedness as provided in paragraph  
8 (7).

9 (D) Nothing in this subdivision shall be construed to permit a  
10 challenge to or attack on matters precluded from challenge or  
11 attack by reason of Sections 53395.6 and 53395.7. However,  
12 nothing in this subdivision shall be construed to deny a remedy  
13 against the district otherwise provided by law.

14 (E) The Controller shall prescribe uniform forms consistent  
15 with this subdivision for a district's statement of indebtedness and  
16 reconciliation statement. In preparing these forms, the Controller  
17 shall obtain the input of the San Francisco City Controller, the  
18 San Francisco Tax Collector, and the port.

19 (F) For the purposes of this subdivision, a fiscal year shall be  
20 a year that begins on July 1 and ends the following June 30.

21 (j) (1) Prior to the adoption by the board of an infrastructure  
22 financing plan providing for tax increment financing under  
23 subparagraph (D) of paragraph (3) of subdivision (g), any affected  
24 taxing entity may elect to be allocated, and every local educational  
25 agency shall be allocated, all or any portion of the tax revenues  
26 allocated to the district under subparagraph (D) of paragraph (3)  
27 of subdivision (g) attributable to increases in the rate of tax  
28 imposed for the benefit of the taxing entity which levy occurs after  
29 the tax year in which the ordinance adopting the infrastructure  
30 financing plan becomes effective.

31 (2) The governing body of any affected taxing entity electing to  
32 receive allocation of taxes under this subdivision shall adopt a  
33 resolution to that effect and transmit the same, prior to the adoption  
34 of the infrastructure financing plan, to (A) the board, (B) the  
35 district, and (C) the official or officials performing the functions  
36 of levying and collecting taxes for the affected taxing entity. Upon  
37 receipt by the official or officials of the resolution, allocation of  
38 taxes under this section to the affected taxing entity shall be made  
39 at the time or times allocations are made under subdivision (a) of  
40 Section 33670 of the Health and Safety Code.

1     (3) *An affected taxing entity, at any time after the adoption of*  
2 *the resolution, may elect not to receive all or any portion of the*  
3 *additional allocation of taxes under this section by rescinding the*  
4 *resolution or by amending the same, as the case may be, and giving*  
5 *notice thereof to the board, the district, and the official or officials*  
6 *performing the functions of levying and collecting taxes for the*  
7 *affected taxing entity. After receipt of a notice by the official or*  
8 *officials that an affected taxing entity has elected not to receive*  
9 *all or a portion of the additional allocation of taxes by rescission*  
10 *or amendment of the resolution, any allocation of taxes to the*  
11 *affected taxing entity required to be made under this section shall*  
12 *not thereafter be made but shall be allocated to the district. After*  
13 *receipt of a notice by the official or officials that an affected taxing*  
14 *entity has elected to receive additional tax revenues attributable*  
15 *to only a portion of the increases in the rate of tax, only that*  
16 *portion of the tax revenues shall thereafter be allocated to the*  
17 *affected taxing entity, and the remaining portion thereof shall be*  
18 *allocated to the district.*

19     (k) *This section implements and fulfills the intent of Article 2*  
20 *(commencing with Section 53395.10) and of Article XIII B and*  
21 *Section 16 of Article XVI of the California Constitution. The*  
22 *allocation and payment to a district of the portion of taxes specified*  
23 *in subparagraph (D) of paragraph (3) of subdivision (g) for the*  
24 *purpose of paying principal of, or interest on, loans, advances, or*  
25 *indebtedness incurred for facilities under this section shall not be*  
26 *deemed the receipt by a district of proceeds of taxes levied by or*  
27 *on behalf of the district within the meaning or for the purposes of*  
28 *Article XIII B of the California Constitution, nor shall such portion*  
29 *of taxes be deemed receipt of proceeds of taxes by, or an*  
30 *appropriation subject to limitation of, any other public body within*  
31 *the meaning or for purposes of Article XIII B of the California*  
32 *Constitution or any statutory provision enacted in implementation*  
33 *of Article XIII B. The allocation and payment to a district of this*  
34 *portion of taxes shall not be deemed the appropriation by a district*  
35 *of proceeds of taxes levied by or on behalf of a district within the*  
36 *meaning or for purposes of Article XIII B of the California*  
37 *Constitution.*

38     SEC. 4. *Section 96.1 of the Revenue and Taxation Code is*  
39 *amended to read:*

96.1. (a) Except as otherwise provided in Article 3 (commencing with Section 97), and in Article 4 (commencing with Section 98), for the 1980–81 fiscal year and each fiscal year thereafter, property tax revenues shall be apportioned to each jurisdiction pursuant to this section and Section 96.2 by the county auditor, subject to allocation and payment of funds as provided for in subdivision (b) of Section 33670 of the Health and Safety Code *and subparagraph (D) of paragraph (3) of subdivision (g) of Section 53395.8 of the Government Code*, to each jurisdiction in the following manner:

(1) For each tax rate area, each jurisdiction shall be allocated an amount of property tax revenue equal to the amount of property tax revenue allocated pursuant to this chapter to each jurisdiction in the prior fiscal year, modified by any adjustments required by Section 99 or 99.02.

(2) The difference between the total amount of property tax revenue and the amounts allocated pursuant to paragraph (1) shall be allocated pursuant to Section 96.5, and shall be known as the “annual tax increment.”

(3) For purposes of this section, the amount of property tax revenue referred to in paragraph (1) shall not include amounts generated by the increased assessments under Chapter 3.5 (commencing with Section 75).

(b) Any allocation of property tax revenue that was subjected to a prior completed audit by the Controller, pursuant to the requirements of Section 12468 of the Government Code, where all findings have been resolved, shall be deemed correct.

(c) (1) Guidelines for legislation implementation issued and determined necessary by the State Association of County Auditors, and when adopted as regulations by either the Controller or the Department of Finance pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, shall be considered an authoritative source deemed correct until some future clarification by legislation or court decision.

(2) If a county auditor knowingly does not follow the guidelines referred to in paragraph (1), that county auditor shall inform the Controller of the reason or reasons for not following the guidelines. If the Controller disagrees with the stated reason or reasons for not following the guidelines, the provisions of paragraph (3) do not apply.

(3) If, by audit begun on or after July 1, 2001, or discovery by an entity on or after July 1, 2001, it is determined that an allocation method is required to be adjusted and a reallocation is required for previous fiscal years, the cumulative reallocation or adjustment may not exceed 1 percent of the total amount levied at a ~~1 percent~~ *1-percent* rate of the current year's original secured tax roll. The reallocation shall be completed in equal increments within the following three fiscal years, or as negotiated with the Controller in the case of reallocation to the Educational Revenue Augmentation Fund or school entities.

(4) If it is determined that an allocation method is required to be adjusted as provided in paragraph (3), the county auditor shall, in the fiscal year following the fiscal year in which this determination is made, correct the allocation method in accordance with statute.

*SEC. 5. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances of the City and County of San Francisco. The facts constituting the special circumstances are: areas of San Francisco, including certain portions of the San Francisco waterfront, are characterized by deteriorating conditions that cannot be remedied by private investment alone, and require the use of public financing mechanisms to finance the rectification of deteriorating conditions.*

~~SECTION 1. The Legislature finds and declares all of the following:~~

~~(a) California communities have a fragmented patchwork of health care services that provided through both private and public resources.~~

~~(b) The current lack of a system of health care for everyone has led to extraordinary pressure being put upon public health care services to provide services to persons with lesser economic means.~~

~~(c) Health care providers currently lack accountability for systemic planning for delivery of health care services, large scale institutionalized care, and community clinics.~~

~~(d) Market-oriented policies for the provision of health care have relegated planning to the domain of individual private business plans that have no ability to coordinate the multiple~~

1 providers into a coherent system that provides health care for  
2 everyone regardless of their ability to pay.

3 (e) It is the intent of the Legislature that each local jurisdiction  
4 ensures equitable distribution of services from both private and  
5 public health care providers.

6 SEC. 2. Division 115 (commencing with Section 140500) is  
7 added to the Health and Safety Code, to read:

8  
9 **DIVISION 115. LOCAL HEALTH CARE MASTER PLANS**

10  
11 140500. (a) Each county in the state shall establish a working  
12 group for the purpose of creating a local health care master plan  
13 for the county that considers all of the following:

14 (1) Equitable distribution of health care services, including  
15 services provided by hospitals, clinics, and other providers within  
16 the county.

17 (2) Equitable access to health care in the county regardless of  
18 how services are paid for or where the revenue sources originate.

19 (3) Utilization of both public and private institutions for the  
20 prevention and treatment of disease and injury within the county.

21 (4) Hospital planning that prioritizes health care services that  
22 meet identifiable community health needs to support the health of  
23 all segments of the population of the county.

24 (b) Participants in each county's working group shall include,  
25 but need not be limited to, cities within the jurisdiction of the  
26 county.

27 (c) The State Department of Health Care Services shall provide  
28 oversight and review of the development of each local health care  
29 master plan.

30 SEC. 3. If the Commission on State Mandates determines that  
31 this act contains costs mandated by the state, reimbursement to  
32 local agencies and school districts for those costs shall be made  
33 pursuant to Part 7 (commencing with Section 17500) of Division  
34 4 of Title 2 of the Government Code.